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8 UNITED STATES DISTRICT COURT
9 FOR THE EASTERN DISTRICT OF WASHINGTON

10 PREPARED FOOD PHOTOS, INC.,
f/k/a ADLIFE MARKETING
11 & COMMUNICATIONS CO., INC.,
a Florida for profit corporation,

12 Plaintiff,

13 v.

14 POOL WORLD, INC., a Washington for
15 profit corporation,

16 Defendant.

No. 2:23-cv-00160-TOR

**DEFENDANT'S MOTION TO
COMPEL ANSWERS TO
DISCOVERY**

Hearing December 8, 2023
6:30 PM

1 The discovery sought in this motion addresses an issue that both sides agree is central
2 to the parties' dispute in this case—whether plaintiff's tactics to extract large settlement
3 payments for allegedly infringing use of individual photos, far in excess of the market value
4 of the individual photos used, and the apparently large profits made using those tactics, bear
5 on plaintiff's invocation of the discovery rule to avoid the three-year statute of limitations
6 or, indeed, on the damages claim itself. Defendant seeks to show the amount of revenue that
7 plaintiff earns using these tactics, and the extent of its use of these tactics to inform a motion
8 for summary judgment. Plaintiff, without making any claim that disclosing such
9 information will put it at any competitive disadvantage, has refused to produce the
10 information because, as its counsel put it, once disclosed it will not be possible to "put the
11 toothpaste back in the tube." Thus, defendant now moves to compel answers to the
12 following two interrogatories and one request for production of documents:

13 **Interrogatory 12.** Please identify any and all claims that you have made for
14 infringement of the copyright in the Work, or in any group of photos that
included the Work.

15 ANSWER: Plaintiff objects to this interrogatory as it is not relevant to the
16 claims or defenses at issue in the lawsuit. Plaintiff further objects to this
17 interrogatory as overly broad, in that it would require Plaintiff to identify every
pre-suit and filed lawsuit demand that Plaintiff has ever made with respect to
each and every one of its 30,000+ photographs.

18 **Interrogatory 14.** Please state, for each calendar year since 2010, how much
19 revenue Plaintiff derived from claims of infringement that it asserted and/or
from filing infringement lawsuits.

20 ANSWER: Plaintiff objects to this interrogatory as it is not relevant to claims
or defenses at issue in this lawsuit.

21 **Request for Production 6.** Any communications to alleged infringers (or
22 representatives of alleged infringers) of the copyright in the "Work" or in any
23 group of photos that included the "Work," other than initial demand letters,
that refer to the expense of litigation as a reason why the alleged infringer
should pay any amount greater than \$5000 to avoid infringement litigation.

24 RESPONSE: Plaintiff objects to this request as not relevant to the claims or
25 defenses at issue in this lawsuit and as overly broad/unduly burdensome.

26 **BACKGROUND FACTS SUPPORTING RELEVANCE**

27 In 2010, defendant Pool World created a website describing the grills it offers for sale
28 and linking to images of the grills that could be bought on its premises. The website

1 included a two-part image comprised of sections of two separate photos, one of skewers of
2 shrimp on a grill, and one of skewers of vegetables on a grill. In this copyright infringement
3 lawsuit, filed in May 2023, plaintiff Prepared Food Photos, Inc., alleges that it is in the
4 business of licensing high-end photos of food, contends that it owns the copyright in the
5 photo of vegetables on the righthand side of the image, and seeks tens of thousands of
6 dollars in actual damages for the license fee it claims to have lost.

7 When Pool World created its website in 2010, plaintiff made its photos available for
8 licensing on iStock, a stock photo website, apparently for as little as a dollar per license.
9 Defendant's investigation of the case thus far reveals that, currently, comparable stock
10 photos can be licensed for \$12. *See* Levy Aff. ¶¶10, 11 and Exhs. D and E. Plaintiff
11 contends, however, that it is entitled to recover a lost license fee of \$35,964 because, in
12 2016, it pulled all of its photos off iStock and switched business models, making its photos
13 available only by subscription to its entire photo library at a minimum rate of \$999 per
14 month—and \$999 times the 36-month limitations period is \$35,964. *Id.* Beginning in 2017,
15 plaintiff began conducting reverse image searches to find examples of alleged infringement
16 of its copyrights so that it could threaten and bring lawsuits such as this one.

17 This lawsuit, which plaintiff filed thirteen years after the alleged infringement, would
18 ordinarily be barred by the Copyright Act's three-year statute of limitations. *See* 17 U.S.C.
19 § 507(b); *see also Bell v. Oakland Community Pool Project*, 2020 WL 4458890, at *5 n.3
20 (N.D. Cal. May 4, 2020) (collecting cases and noting that "[c]ourts . . . have concluded that
21 the mere fact that a document remained online does not" mean that a plaintiff's copyright
22 claim continually accrues). Plaintiff seeks to be excused from application of the three-year
23 statute of limitations by invoking the discovery rule. Plaintiff contends that, even though
24 it has been running reverse image searches for several years to enable litigation like this
25 case, it located Pool World's use only last year. Complaint ¶ 21. Among Pool World's
26 defenses are (1) that plaintiff's claimed actual damages are grossly inflated and (2) that
27 plaintiff's inequitable conduct in this case and countless others like it deprives plaintiff of
28 the ability to invoke the equitable discovery-rule exception to the statute of limitations.

1 Specifically, Pool World disputes plaintiff's self-characterization as a business
2 licensing high-end food photographs. Instead, Pool World contends that plaintiff's main
3 business is threatening and bringing copyright infringement litigation against small
4 businesses and nonprofits for their use of stock photos that have limited individual market
5 value, and extracting large settlements from those defendants or potential defendants even
6 though the individual photos were originally offered for licensing for a few dollars at most.
7 PACER reveals that plaintiff has filed hundreds of suits similar to this one, Levy Aff. ¶¶ 5-6
8 and Exh. C, securing five-figure default judgments through ex parte briefing that fails to
9 acknowledge the well-established rule that actual damages for copyright infringement must
10 be based on "what a willing buyer would have been reasonably required to pay to a willing
11 seller for [the] plaintiffs' work, . . . not what the owner would have charged." *Dash v.*
12 *Mayweather*, 731 F.3d 303, 313 (4th Cir. 2013) (alteration and omission in original; citation
13 omitted); see also Levy Aff. ¶ 7.¹ But Pool World's investigation reveals that most cases
14 never reach judgment; rather, they are dismissed voluntarily with no appearance having been
15 entered. *Id.* ¶ 6. Defendant suspects that plaintiff points to the default judgments to
16 intimidate defendants into settlements which, we expect to find, are in the mid-four figures.
17 Assuming that to be true, for the hundreds of lawsuits plaintiff has filed, it has likely
18 collected over one million dollars, more than it has earned in actual license fees. The
19 discovery at issue on this motion seeks to confirm that estimate.

20 Moreover, Pool World expects to prove that, besides the hundreds of lawsuits found
21 on PACER, plaintiff has sent many demand letters, many of them similar to the demand
22 letter that is attached to the Answer as Exhibit A, and has extracted settlements from targets
23 who do not have access to experienced copyright counsel, who do not understand that the
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25 ¹ Other circuits follow the same approach. *Gaylord v. United States*, 777 F.3d
26 1363, 1368 (Fed. Cir. 2015) ("court [need not] allow owners to charge what they
27 would like to have charged if unconstrained by reality") (cleaned up); *Jarvis v. K2*
28 *Inc.*, 486 F.3d 526, 534 (9th Cir. 2007); *On Davis v. The Gap, Inc.*, 246 F.3d 152, 166
(2d Cir. 2001).

1 infirmities in the demand letters, and who cannot afford to defend themselves. (The
2 attached affirmation enumerates many ways in which the demand letters are misleading and
3 coercive). Currently, its demand letters routinely demand a \$30,000 settlement that must
4 be paid within 21 days; unless that amount is paid promptly, the letter threatens, plaintiff
5 will file suit in federal court in Florida. *Id.* ¶¶ 13 to 24.² The large settlements demanded
6 in the letters, like the \$35,964 in damages sought in this case, are untethered from economic
7 reality, and are demanded, defendant believes, for the purpose of intimidation. Moreover,
8 plaintiff never pursues individual defendants (who could appear pro se), only incorporated
9 entities, deliberately taking advantage of the high expense of defending copyright litigation,
10 *id.* ¶¶ 19, 26-27 and Exh. J, to extract large settlements.

11 Pool World intends to seek summary judgment on limitations grounds, and a partial
12 summary judgment negating plaintiff's theory that it can base its damages claim on the
13 subscription model that it adopted long after the alleged infringement began. In support of
14 summary judgment, Pool World will argue first that the Court should adopt the reasoning
15 of a line of cases holding that serial copyright litigators like the plaintiff cannot take
16 advantage of the discovery rule to sue over infringements that occurred many years before.³
17 These courts reason that a plaintiff that habitually files infringement claims must be actively
18 monitoring uses of its intellectual property and hence, as a matter of law, it should
19 reasonably be expected to discover any infringement within the three-year limitations
20 window. Thus, we expect to argue that, based on the undisputed fact that plaintiff has filed
21 more than two hundred infringement suits in the past few years, plaintiff cannot take
22 advantage of the discovery rule as a matter of law. Although this line of cases would apply

24 ² Initially, plaintiff would demand "only" a few thousand dollars for the
25 infringement of the copyright in a single photograph. Levy Aff. ¶ 24 and Exh. H.

26 ³*Minden Pictures v. Complex Media*, 2023 WL 2648027, at *3 (S.D.N.Y. Mar.
27 27, 2023) *Lixenberg v. Complex Media*, 2023 WL 144663, at *3 (S.D.N.Y. Jan. 10,
28 2023) (plaintiff had filed nearly twenty such lawsuits); *Minden Pictures v. Buzzfeed,*
Inc., 390 F. Supp. 3d 461, 467 (S.D.N.Y. 2019).

1 to plaintiff based on the number of lawsuits filed alone, responses to the discovery sought
2 here would provide additional important evidence in support of defendant's motion.

3 Pool World also intends to seek summary judgment based on arguments more specific
4 to plaintiff. The discovery rule is founded on equitable principles, *e.g.*, *Andrews v. TRW,*
5 *Inc.*, 225 F.3d 1063, 1066–67 (9th Cir. 2000), *rev'd on other grounds*, 534 U.S. 19 (2001)
6 (unless Congress has legislated otherwise, “the equitable doctrine of discovery ‘is read into
7 every federal statute of limitations.’ *Holmberg v. Armbrecht*, 327 U.S. 392. . . (1946)”).
8 Given the equitable origins of the discovery rule, plaintiff should be denied the use of the
9 discovery rule based on the fundamental principle that a party cannot get equity if it has not
10 done equity. *In re Gardenhire*, 209 F.3d 1145, 1152 n.11 (9th Cir. 2000) (“[h]e who seeks
11 equity must do equity”). Pool World will argue, as a matter of first impression, that plaintiff
12 brought this lawsuit as part and parcel of a money-making scheme that is the very opposite
13 of equity. Indeed, allowing suit against Pool World so far outside the limitations period is
14 especially inequitable both because the plaintiff's damages calculations are predicated on
15 a licensing model that was not created until many years after the alleged infringement, and
16 because that plaintiff's discovery answers reveal even the plaintiff has not kept relevant
17 records from the time period of the alleged infringement, and for several years afterward,
18 that are needed to assess its claims.⁴ Yet plaintiff seeks a large damages award by taking
19 advantage of the fact defendant has not retained relevant records that could aid its defense.

20 In pursuit of those intended arguments, Pool World served discovery seeking to show
21 the tiny sums paid for licensing before the 2016 switch in business model, to show that
22 asserting grossly overstated copyright claims is plaintiff's main source of income, and to
23 show that plaintiff deliberately takes advantage of the high cost of defending copyright

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25 ⁴ Pool World will also seek summary judgment on the ground that plaintiff
26 “should have known” of the infringement before 2022, considering that reverse image
27 technology has been available for more than 15 years, and that plaintiff has been
28 using that technology to develop infringement claims at least since 2017. Additional
discovery, not at issue on this motion, is needed before that seeking summary
judgment on this ground.

1 litigation to extort unjustified settlements. Plaintiff has denied any knowledge of the actual
2 cost of buying licenses for its work at the time of the alleged infringement, and apparently
3 even denies knowing how much income it earned from those licenses during the period
4 when individual licenses were for sale. And plaintiff objects on relevance grounds to the
5 discovery sought to show that plaintiff has mischaracterized its business and has acted so
6 inequitably that it should be deprived of the benefits of the discovery rule.

7 Before filing this motion, defendant's counsel met and conferred with counsel for
8 plaintiff. Levy Aff. ¶ 3. After two oral meetings and several written exchanges, many of
9 the disputes appear to have been resolved, but the issues that remain are matters of principle,
10 informed by the parties' respective legal theories of the case. *Id.* Thus, the parties require
11 a court ruling on those issues to set the way forward in this litigation.

12 **ARGUMENT**

13 Pre-trial discovery is "accorded a broad and liberal treatment; [ordinarily] the
14 production of evidence can be compelled regarding any matter 'relevant to the subject matter
15 involved in the action' or 'reasonably calculated to lead to the discovery of admissible
16 evidence.'" *Shields v. Transamerica Premier Life Ins. Co.*, 2022 WL 18832325, at *1 (E.D.
17 Wash. Aug. 26, 2022) (cleaned up); *Kelleher v. Fred Meyer Stores*, 302 F.R.D. 596, 597
18 (E.D. Wash. 2014). Here, the discovery sought is relevant to the subject matter involved in
19 the action, and is relevant both to Pool World's statute of limitations defense and to the
20 parties' dispute about the proper measure of damages in the case.

21 The discovery requests at issue on this motion (listed on page 1 above) are relevant
22 to several issues in the case. First, plaintiff alleged in the Complaint that it "is in the
23 business of licensing high-end, professional photographs for the food industry." ¶ 6. That
24 allegation is likely intended to show the basis for seeking a large damages award for
25 infringement. Pool World's Answer denied that allegation because it has reason to believe
26 that plaintiff's main business is claiming copyright infringement, both by sending large
27 numbers of deceptive and deliberately intimidating letters threatening to sue for exorbitant
28 amounts of damages for copyright infringement, and by filing lawsuits for infringement.

1 The existence of hundreds of infringement lawsuits is a matter of public record, but the
2 volume and content of demand letters is not public, and that data could provide a better
3 sense of what plaintiff's main business is. Similarly, Interrogatory 14 seeks to quantify the
4 revenues secured from threats and litigation over alleged copyright infringement, which can
5 be compared to the amount of revenue secured by selling licenses, in determining what
6 plaintiff's real business is—whether it is a legitimate vendor of highly valuable images and
7 not mainly an enforcer of overstated copyright claims—and thus negating plaintiff's claim
8 of huge actual damages for lost license fees.⁵

9 Second, the information sought by all three discovery requests is relevant to plaintiff's
10 invocation of the discovery rule to maintain a lawsuit over an alleged infringement of
11 copyright that began in 2010, in several respects. In several recent cases, judges have
12 expressed particular skepticism when what they call “seasoned litigator[s],” those who have
13 filed a significant number of copyright infringement actions, have invoked the discovery
14 rule to avoid dismissal on limitations grounds. *E.g., Minden Pictures v. BuzzFeed, Inc.*, 390
15 F. Supp. 3d 461, 467 (S.D.N.Y. 2019) (plaintiff had filed forty infringement suits); *see also*
16 *Minden Pictures v. Complex Media*, 2023 WL 2648027, at *3 (S.D.N.Y. Mar. 27, 2023)
17 (plaintiff had filed 100 infringement suits); *Lixenberg v. Complex Media*, 2023 WL 144663,
18 at *3 (S.D.N.Y. Jan. 10, 2023) (plaintiff had filed nearly twenty infringement lawsuits).
19 In urging the Court to adopt this approach to hold that plaintiff should be denied access to

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21 ⁵ In answer to Interrogatory 9, plaintiff claims not to know how much iStock
22 charged for licenses to use its photographs during the period of time before plaintiff
23 adopted its current business model of licensing only by subscription. In answer to
24 Interrogatory 13, plaintiff avoided saying how much revenue plaintiff derived from
25 its pre-subscription-model licenses. Defendant questions plaintiff's implicit assertions
26 that it has no idea what was charged for its work, or how much it was paid in toto for
27 that work, but rather than ask the Court to find the answers to be evasive, defendant
28 will subpoena a third party to obtain that information. Defendant's research suggests
that, at the time of the alleged infringement, plaintiff's photos could be licensed for
as little as \$1, and that the current price for such stock photos is \$12. Levy Aff. ¶¶
10, 11 and Exh. E, F. If that research is confirmed by discovery from iStock itself,
that will tend to contradict the allegation that plaintiff licenses “high-end” photos.

1 the discovery rule as a matter of law, and thus that summary judgment should be granted
2 dismissing the complaint on limitations grounds, defendant wishes to be able to present a
3 full account of the extent to which plaintiff is not just a “seasoned litigator” of copyright
4 infringement claims, but is a seasoned threatener of copyright infringement claims whose
5 fruits, defendant hopes to be able to show, outstrip the amount of revenue that plaintiff
6 obtains by selling licenses to use its photographs.

7 These discovery requests are also sought in aid of defendant’s anticipated argument
8 that, regardless of whether serial copyright enforcers should be barred from invoking the
9 discovery rule as a matter of law, plaintiff should be denied the ability to invoke the
10 discovery rule because the rule is an equitable exception to the statute of limitations, and
11 equity is properly denied to a party that itself has not done equity. In that regard, Pool
12 World expects that its discovery will show that Prepared Food Photos has been extracting
13 huge sums of money by sending demand letters that misrepresent the law in communications
14 with lay recipients—the owners of small businesses and nonprofit organizations—who are
15 not likely to have ready access either to knowledgeable copyright lawyers, or to the
16 information they would need to question the assertions in the demand letters and to
17 understand that much of the contents of the demand letters constitute empty threats not
18 likely to be upheld in court if there are adversarial presentations. By showing the vast
19 volume of this enterprise, the repetition of these misrepresentations in letter after letter, the
20 deliberate direction of the demand letters to entities rather than individuals, and the
21 substantial sums that plaintiff extracts through its litigation threats, defendant intends to
22 prove that inequitable conduct produces more revenue than the very limited market value
23 that the individual photographs have. This evidence, in turn, will be offered in support of
24 defendant’s argument that plaintiff has not done equity and hence should not be allowed to
25 invoke the discovery rule as an equitable exception to the statute of limitations.

26 The particular aspect of plaintiff’s enforcement campaign at which Request to
27 Produce 6 is directed has an especial bearing on plaintiff’s failure to do equity—the use of
28 direct references to how expensive it will be for the target of the demand to defend itself in

1 court—in effect, it suggests that Prepared Food Photos threatens to file strike suits in order
2 to secure payments of thousands of dollars in nuisance payments, which courts strive to
3 minimize. *See Wal-Mart Stores v. Samara Bros.*, 529 U.S. 205, 214 (2000) (recognizing
4 importance of construing trademark laws in a way that minimizes the opportunity for strike
5 suits). Interrogatory 12, coupled with Request to Produce 7, will help establish that the
6 language in the demand letter sent to Pool World—“Keep in mind that attorney fees will
7 include those that you will be forced to incur to mount a defense (if any)”—is a standard
8 part of the boilerplate sent to all of plaintiff’s targets. Request for Production 6 is focused
9 on similar references in followup communications. As noted in the Levy Affirmation, ¶ 18
10 and Exh. G, one of the lawyers at Copycat Legal who signed the demand letter to Pool
11 World told a different one of plaintiff’s targets that its offer of \$1500 to settle an
12 infringement claim for a stock photo of fruits and vegetables was unacceptable because it
13 “does not appear to be based on any semblance of reality.” An important part of that
14 “reality” that plaintiff sought to hammer home included not only the theory that plaintiff can
15 recover damages based on the cost of a monthly subscription for the three-year limitations
16 period, but also that, as a practical matter, it would be very expensive for the target to pay
17 its attorneys to defend itself in court:

18 I would anticipate that Healthy Solutions is incurring an additional \$15,000 to
19 \$30,000 of attorney fees with your firm. . . . [O]n Healthy Solutions’ best day,
20 it appears to be responsible for at minimum \$17,5000.00 out-of-pocket
21 defending the lawsuit.....

22 Exh. G, at G-112.

23 Accordingly, plaintiff’s threat of litigation goes on, to “get down to the brass tacks of this
24 matter,” a settlement of \$23,976 must be paid for this target to avoid being sued. *Id.*

25 Request to Produce 6 seeks to determine whether this explicit threat to impose high
26 defense costs is a one-off, so that the Court can properly weigh the equities in deciding
27 defendant’s anticipated motion for summary judgment on the limitations issue.

28 CONCLUSION

The motion to compel discovery should be granted.

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Attorneys for Defendant

November 5, 2023

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